

Attachment 5

FINANCIAL STATEMENTS

As a start-up company, the Applicant submits the financial statements of EFS, Inc. EFS, Inc. is an affiliate which, like the Applicant, is wholly-owned by Frank Evans. EFS, Inc. will guarantee the initial operations of the Applicant.

EFS, Inc.
Consolidated Statements Of Income
For The Eight Month Ended April 30, 2000 And 1999

	2000	1999
Revenues		
Sales	\$ 6,191,877.64	\$ 6,141,312.33
Interest Income	<u>234,107.37</u>	<u>266,078.39</u>
Total Income	6,425,985.01	6,407,390.72
Cost Of Sales		
Beginning Inventory	3,078,369.61	2,645,727.00
Purchases	2,755,283.94	2,530,884.66
Ending Inventory	<u>(3,065,314.11)</u>	<u>(2,678,263.01)</u>
Total Cost Of Sales	<u>2,768,339.44</u>	<u>2,498,348.65</u>
Revenues Net Of Cost Of Sales	3,657,645.57	3,909,042.07
Operating Expenses		
Salaries and expenses	1,749,217.70	1,579,972.77
Rent	378,509.43	298,746.00
Utilities	145,161.76	128,721.37
Office supplies	83,359.99	61,561.06
Computer supplies	30,272.07	36,870.77
Laundry/Uniforms	4,531.63	5,094.02
Bad debt expense	33,521.31	37,776.24
Education and training	2,670.69	18,768.42
Meeting expense	7,444.44	22,161.08
Employee expenses	35,048.47	34,865.63
Merchandise/ jewelry repair	49,681.46	44,245.36
Liens	1,635.00	1,580.00
Repo/ storage fees	12,190.00	6,188.20
Gasoline	17,412.29	16,553.06
Auto repair and maintenance	15,266.70	17,697.47
Advertising	243,721.00	116,233.88
Accounting and legal fees	53,818.44	37,389.37
Consulting and professional	40,637.36	49,740.63
Business license and taxes	66,172.78	35,062.41
Depreciation and amortization	90,911.19	61,112.70
Equipment rental and lease	47,337.37	21,715.00
Postage and shipping	42,282.22	45,185.15
Insurance	18,408.42	9,739.29
Bank charge and credit card fees	19,370.07	17,763.74
Late charges	187.56	671.25
Surrendered merchandise	12,852.00	11,783.00
Travel and entertainment	26,459.27	18,615.60
Dues and subscriptions	6,518.74	1,343.73
Contract services	70,109.67	73,392.48
Security	16,398.46	20,730.80
Contributions	2,169.80	1,693.13
Repairs and maintenance	39,289.29	38,712.25
Cash over and short	3,996.13	1,822.92
Small equipment	3,957.31	964.88
Interest expense	20,826.42	20,773.57
Miscellaneous expense	<u>6,356.76</u>	<u>(3,154.40)</u>
Total Operating Expense	3,397,703.20	2,892,092.83
Other Income	<u>9,471.60</u>	<u>16,315.70</u>
Income From Continuing Operations Before Income Taxes	269,413.97	1,033,264.94
Income Taxes	<u>73,000.00</u>	<u>152,500.00</u>
Net Income	<u>\$ 196,413.97</u>	<u>\$ 880,764.94</u>

EFS, Inc.
Consolidated Balance Sheets
April 30, 2000 And 1999

Assets	2000	1999
Current Assets		
Cash and cash equivalents	\$ 871,830.86	1,477,728.12
Accounts Receivable	7,418.40	40,817.96
Loans receivable	1,349,707.83	1,154,917.97
Inventory	3,065,314.11	2,678,263.01
Other current assets	87,598.48	67,163.21
Total current assets	5,381,869.68	5,418,890.27
Property And Equipment		
Furniture, fixtures and equipment	811,902.14	765,698.59
Transportation equipment	297,596.73	327,845.04
Leasehold improvements	402,798.75	355,841.06
	1,512,297.62	1,449,384.69
Less accumulated depreciation	914,447.75	871,796.45
Net property and equipment	597,849.87	577,588.24
Other Assets		
Notes receivable - related parties	1,668,711.96	1,925,292.33
Other	67,499.92	53,621.10
Total other assets	1,736,211.88	1,978,913.43
Total Assets	\$ 7,715,931.43	\$ 7,975,391.94
Liabilities And Stockholders Equity		
Current Liabilities		
Long-term debt - current maturities	\$ 47,897.48	\$ 131,443.13
Accounts payable and accrued expenses	228,436.86	198,486.42
Customer layaway deposits	563,611.97	559,208.08
Total current liabilities	839,946.31	889,137.63
Long-Term Debt		
Long-Term Debt - non current maturities	129,705.62	208,226.67
Total Liabilities	969,651.93	1,097,364.30
Stockholders' Equity		
Common stock, \$1 par value, 1,000 shares authorized, issued and outstanding	1,000.00	1,000.00
Additional paid-in capital	11,671.00	11,671.00
Retained earnings	6,733,608.50	6,865,356.64
Total Stockholders' Equity	6,746,279.50	6,878,027.64
Total Liabilities And Stockholders' Equity	\$ 7,715,931.43	\$ 7,975,391.94

EFS, INC.

AUGUST 31, 1999 AND 1998

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Member
American Institute
Of Certified Public
Accountants



Member
Alabama Society
Of Certified Public
Accountants

Wilson, Price, Barranco, Blankenship & Billingsley, P.C.
Certified Public Accountants
Montgomery, Alabama

Stockholders
EFS, Inc.
Montgomery, Alabama

We have compiled the accompanying consolidated balance sheets of EFS, Inc. as of August 31, 1999 and 1998 and the related consolidated statements of income, retained earnings and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

November 20, 1999

Wilson, Price, Barranco, Blankenship & Billingsley, P.C.

EFS, INC.**CONSOLIDATED BALANCE SHEETS**
AUGUST 31, 1999 AND 1998**ASSETS**

	<u>1999</u>	<u>1998</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,078,934	\$ 4,171,934
Loans receivable	1,411,682	1,427,798
Notes receivable - current portion (less allowance for doubtful accounts of \$4,927 and \$13,606)	14,781	40,818
Notes receivable - related parties	609,588	1,004,524
Inventory	3,060,045	2,645,727
Other current assets	49,988	68,760
Total current assets	<u>9,225,018</u>	<u>9,359,561</u>
PROPERTY AND EQUIPMENT		
Furniture, fixtures and equipment	720,173	673,605
Transportation equipment	303,645	261,853
Leasehold improvements	385,237	279,450
	<u>1,409,055</u>	<u>1,214,908</u>
Less accumulated depreciation	828,631	836,452
Net property and equipment	<u>580,424</u>	<u>378,456</u>
OTHER ASSETS		
Notes receivable - related parties	1,461,532	1,004,525
Other	55,891	55,891
Total other assets	<u>1,517,423</u>	<u>1,060,416</u>
TOTAL ASSETS	<u>\$ 11,322,865</u>	<u>\$ 10,798,433</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>1999</u>	<u>1998</u>
CURRENT LIABILITIES		
Note payable	\$ 3,749,056	\$ 3,497,595
Long-term debt - current maturities	133,361	169,612
Accounts payable and accrued expenses	209,095	264,320
Customer layaway deposits	<u>506,626</u>	<u>574,922</u>
Total current liabilities	<u>4,598,138</u>	<u>4,506,449</u>
LONG-TERM DEBT		
Long-term debt - noncurrent maturities	<u>159,612</u>	<u>294,721</u>
TOTAL LIABILITIES	<u>4,757,750</u>	<u>4,801,170</u>
STOCKHOLDERS' EQUITY		
Common stock, \$1 par value, 1,000 shares authorized, issued and outstanding	1,000	1,000
Additional paid-in capital	11,671	11,671
Retained earnings	<u>6,552,444</u>	<u>5,984,592</u>
TOTAL STOCKHOLDERS' EQUITY	<u>6,565,115</u>	<u>5,997,263</u>
 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	 <u><u>\$ 11,322,865</u></u>	 <u><u>\$ 10,798,433</u></u>

See accompanying accountants' compilation report and notes to financial statements.

EFS, INC.**CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED AUGUST 31, 1999 AND 1998**

	<u>1999</u>	<u>1998</u>
REVENUES		
Sales	\$ 6,285,833	\$ 6,741,641
Interest income	<u>2,552,974</u>	<u>2,766,778</u>
Total revenues	<u>8,838,807</u>	<u>9,508,419</u>
COST OF SALES		
Beginning inventory	2,645,727	2,154,063
Purchases	3,880,560	4,248,987
Ending inventory	<u>(3,060,045)</u>	<u>(2,645,727)</u>
Total cost of sales	<u>3,466,242</u>	<u>3,757,323</u>
REVENUES NET OF COST OF SALES	<u>5,372,565</u>	<u>5,751,096</u>
OPERATING EXPENSES		
Advertising	181,725	158,682
Automobile expense	37,189	32,928
Bad debt expense	50,852	43,897
Confiscated merchandise	18,075	33,856
Contract services	104,127	77,841
Depreciation and amortization	119,744	101,458
Education and training	52,747	36,145
Insurance	146,908	120,692
Interest	32,666	56,816
Legal and accounting	102,782	133,327
Miscellaneous	104,018	84,524
Profit sharing	20,000	20,000
Postage	41,009	44,420
Rent	493,976	460,964
Repairs and maintenance	49,453	31,958
Salaries and sales commissions	2,369,274	2,439,984
Security	23,925	18,744
Service charges	40,632	40,575
Supplies	157,432	113,513
Taxes and licenses	195,006	207,944
Travel and entertainment	31,613	20,228
Utilities	<u>199,922</u>	<u>183,236</u>
Total operating expenses	<u>4,573,075</u>	<u>4,461,732</u>

See accompanying accountants' compilation report and notes to financial statements.

EFS, INC.

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED AUGUST 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
OTHER INCOME	\$ 85,925	\$ 71,096
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	<u>883,415</u>	<u>1,360,460</u>
INCOME TAXES	<u>318,795</u>	<u>500,359</u>
INCOME FROM CONTINUING OPERATIONS	<u>564,620</u>	<u>860,101</u>
INCOME (LOSS) FROM DISCONTINUED OPERATIONS (net of income tax benefit of \$2,805 and \$72,774)	<u>3,232</u>	<u>(86,733)</u>
NET INCOME	<u>\$ 567,852</u>	<u>\$ 773,368</u>

See accompanying accountants' compilation report and notes to financial statements.

EFS, INC.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
FOR THE YEARS ENDED AUGUST 31, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
BALANCE AT BEGINNING OF YEAR	\$ 5,984,592	\$ 5,211,224
Net income for the year	<u>567,852</u>	<u>773,368</u>
BALANCE AT END OF YEAR	<u>\$ 6,552,444</u>	<u>\$ 5,984,592</u>

See accompanying accountants' compilation report and notes to financial statements.

EFS, INC.**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 1999 AND 1998****INCREASE (DECREASE) IN CASH AND CASH
EQUIVALENTS**

	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash collected from customers	\$ 6,297,947	\$ 6,909,717
Interest collected	2,529,443	2,694,034
Cash paid to suppliers and employees	(8,246,626)	(8,770,833)
Other income collected	84,352	87,726
Interest paid	(150,732)	(57,353)
Income taxes paid	(294,199)	(482,734)
Net cash provided by operating activities	<u>220,185</u>	<u>380,557</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net decrease in pawn loans	16,116	127,137
Capital expenditures	(342,977)	(76,284)
Net cash (used) provided by investing activities	<u>(326,861)</u>	<u>50,853</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans to related party	(66,424)	(53,673)
Proceeds from notes payable - net	251,461	497,887
Principal payments on long-term debt	(171,360)	(180,612)
Net cash provided by financing activities	<u>13,677</u>	<u>263,602</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(92,999)</u>	<u>695,012</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>4,171,934</u>	<u>3,476,922</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 4,078,935</u>	<u>\$ 4,171,934</u>

See accompanying accountants' compilation report and notes to financial statements.

EFS, INC.**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 1999 AND 1998****RECONCILIATION OF NET INCOME TO CASH PROVIDED BY
OPERATING ACTIVITIES**

	<u>1999</u>	<u>1998</u>
NET INCOME	\$ <u>567,852</u>	\$ <u>773,368</u>
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Allowance for doubtful accounts	(8,679)	(54,534)
Depreciation and amortization	119,744	101,458
Book value of abandoned assets	21,265	-
Changes in assets and liabilities:		
Notes receivable	39,070	144,438
Inventory	(414,318)	(407,638)
Other assets	(3,019)	17,458
Accounts payable and accrued expenses	(55,225)	(99,113)
Layaway deposits	(68,296)	(39,731)
Income tax payable - net	<u>21,791</u>	<u>(55,149)</u>
Total adjustments	<u>(347,667)</u>	<u>(392,811)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u><u>220,185</u></u>	\$ <u><u>380,557</u></u>

See accompanying accountants' compilation report and notes to financial statements.

EFS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AUGUST 31, 1999 AND 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of EFS, Inc. and its wholly-owned subsidiary, Pro Auto Sales, Inc. All significant intercompany balances and transactions have been eliminated in consolidation. The Company operates pawn shops in Montgomery, Birmingham, Mobile and Tuscaloosa, Alabama, and substantially all of its customers are local residents. The Company also sold used automobiles in Montgomery through its subsidiary. This business closed on March 31, 1998. See Note 6.

Inventory

Inventory represents merchandise acquired as a result of forfeited loans, merchandise purchased directly from the public and new merchandise purchased from vendors.

Inventory is stated at the lower of cost (determined generally on a first-in, first-out basis) or market.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided using straight-line and accelerated methods over the estimated useful lives of the various assets ranging from three to thirty-nine years.

Maintenance, repairs and minor renewals are charged against income when incurred. Additions and significant renewals are capitalized.

The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts; any gain or loss from sale or retirement of property is reflected in income.

Other Assets

Intangible assets are amortized over their estimated useful lives or the terms of their agreements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

EFS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 1999 AND 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans Receivable and Income Recognition

Pawn loans ("Loans Receivable") are generally made on the pledge of tangible personal property, for one month, with an automatic thirty-day extension period. Interest income on loans is recognized when the loan is repaid or renewed.

If the loan is not repaid, the principal amount loaned becomes the carrying value of the forfeited collateral ("inventory") which is recovered through sales.

Layaways

Customers may purchase inventory items on a layaway basis. Income is recognized and inventory relieved when the final payment is made.

Use of Estimates in the Preparation of Financial Statements

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

2. NOTES PAYABLE

The Company has an operating line of credit available with a bank at August 31, 1999, in the amount of \$1,000,000. The credit line was unused at August 31, 1999.

The note payable in the amount of \$3,749,056 at August 31, 1999, was payable to a bank and secured by United States Treasury Bills which were considered cash equivalents.

EFS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 1999 AND 1998

3. LONG-TERM DEBT

Long-term debt is as follows:

	<u>1999</u>	<u>1998</u>
Installment note payable secured by receivables and inventory, payable monthly through April 2000, with interest at .5% above prime.	\$ 72,804	\$ 187,297
Installment note payable, secured by receivables and inventory, payable monthly through July 2002, with interest at .5% above prime.	189,637	246,026
Mortgage payable secured by house and land, payable monthly through March 2021, with interest at 10.5%.	<u>30,532</u>	<u>31,010</u>
	292,973	464,333
Less: Current maturities included in current liabilities	<u>133,361</u>	<u>169,612</u>
	<u>\$ 159,612</u>	<u>\$ 294,721</u>

Following are maturities of long-term debt (inclusive of current maturities):

	<u>AMOUNT</u>
2000	\$ 133,361
2001	66,351
2002	64,716
2003	795
2004	882
Thereafter	26,868

4. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company has entered into various noncancelable leases for certain company premises and equipment. The total rental expense for all leases for the years ended August 31, 1999 and 1998 was \$493,976 and \$442,440, respectively.

EFS, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
AUGUST 31, 1999 AND 1998**4. COMMITMENTS AND CONTINGENCIES (Continued)**

Future minimum rental payments required under noncancelable leases are as follows:

2000	\$	153,500
2001		111,600
2002		91,950
2003		55,800
2004		<u>21,050</u>
Total minimum future lease payments	\$	<u>433,900</u>

Certain leases expire during the periods shown above and will either be renewed under available renewable options or renegotiated.

5. INCOME TAXES

The Company and its subsidiary file a consolidated federal income tax return.

The components of current income tax expense are as follows:

	1999	1998
Federal	\$ 286,305	\$ 373,500
Alabama	<u>29,685</u>	<u>54,085</u>
Total	<u>\$ 315,990</u>	<u>\$ 427,585</u>

6. DISCONTINUED OPERATIONS

On March 31, 1998, the Company's subsidiary, Pro Auto Sales, Inc., closed its operations. Accordingly, Pro Auto Sales, Inc. is reported as a discontinued operation for the year ended August 31, 1998. Net assets of the discontinued operation at August 31, 1999 and 1998 consist primarily of receivables. Net liabilities consist of accounts payable.

Revenues applicable to the discontinued operations for the year ended August 31, 1999 consisted of:

Sales	
Interest income	\$ 7,509
Other income	<u>819</u>
Total revenues	<u>\$ 8,328</u>

EFS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AUGUST 31, 1999 AND 1998

7. RELATED PARTY TRANSACTIONS

The Company leases certain facilities from its stockholders on an annual basis. Rent expense paid to the stockholder totaled \$190,800 and \$160,800 in 1999 and 1998, respectively.

Notes receivable - related party consists of the following:

	1999	1998
Demand note receivable from Quik Pawn Shop Franchising, Inc., including interest at 11.25%	\$ 856,650	\$ 788,302
Demand note receivable from Gateway Financial Services, Inc., including interest at 11.25%	876,365	1,088,239
Demand note receivable from Express Title Pawn, Inc., including interest at 11.25%	81,072	130,065
Demand note receivable from Express Check Service, Inc., including interest at 11.25%	257,033	2,443
Total	<u>\$ 2,071,120</u>	<u>\$ 2,009,049</u>

A portion of these notes has been recorded as long-term in both years.

The majority shareholders of the above corporations are the shareholders of EFS, Inc.

8. RETIREMENT PLANS

The Company sponsors a 401(k) retirement plan that covers all eligible employees. Eligible employees may contribute up to 15% of their compensation. The employees are limited by IRS regulations as to the amount of contributions allowed. The Company's matching is discretionary and limited to 15% of the participant's compensation. The Company's contribution for the year ended August 31, 1999 and 1998 was \$20,000 each year.